

Saimaa University of Applied Sciences
Business Administration Lappeenranta
Master`s Degree Programme in International Business Management

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A Draft to Rationalize the Sales Model for Micro Companies' Wealth Management Services in Ete-lä-Karjalan Osuuspankki

Master`s Thesis 2015

Abstract

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A Draft to Rationalize the Sales Model for Micro Companies' Wealth Management Services in Etelä-Karjalan Osuuspankki, 76 pages, 1 appendix

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The purpose of the research is to find out the current situation of the sales for micro companies' wealth management services in Etelä-Karjalan Osuuspankki and to form new ideas of improving the sales. The aim is to rationalize the sales model and to create a draft of a sales model for Finnish, OP-Pohjola Group's Etelä-Karjalan Osuuspankki. The sales model is for micro companies' wealth management sales. The target group for the sales model is outlined to be only micro companies and the sales services is delimited for wealth management services.

The current study was executed as a qualitative research inside the case organization. Data for this study were gathered from books, Internet, newspapers, scientific articles as well as interviewing and observing the phenomenon. Theoretical framework was created using data from banking field, wealth management and economics in general. Empirical part was executed by interviewing employees in the case company and using the researchers own observation.

After the data were collected and analysed, suggestions for the case organization were collected and a draft of a sales model for micro companies' wealth management services was created. By combining the theory and the results of the empirical part of the study the researcher was able to suggest a new sales model for micro companies' wealth management sales for the case company Etelä-Karjalan Osuuspankki.

Keywords: Banking, Wealth Management, Sales Model

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Terminology and abbreviations

AUM: Assets Under Management

EKOP: Etelä-Karjalan Osuuspankki

Euribor Interest Rates: Euro Interbank Offered Rate

FIVA: Financial Supervisory Authority

Micro Company: Micro company is a company where is less than 10 employees and sales revenue is less than two million euros per year.

Shadow Banking: Shadow bank is a company that offers some financial services but is not regulated in the same way as a traditional financial warehouse.

Wealth Management: Personal investment management, financial advisory and planning actions for the benefit of high-net-worth clients.

1. Introduction

Etelä-Karjalan Osuuspankki (EKOP) is a commercial bank operating in South Karelian region. The target of the bank is to be a market leader in its region in banking industry. Current Master's Thesis studies the sales of wealth management services for micro companies in Etelä-Karjalan Osuuspankki. The target of the thesis is to study the current state of the sales for micro companies in the field of wealth management and further to investigate what kind of a sales model could be adapted as a part of the wealth management sales for micro companies. The present research is focusing on finding new ideas on how EKOP can improve the level of sales in wealth management services for micro companies. Emphasize is also in improving cooperation inside EKOP between company customer advisers and private customer advisers so that sales process would be fluent throughout the organization as a good cooperation is a key to organizational success.

In this thesis it is supposed to concentrate on the change that economic situation has forced banks to do. Traditionally banks have been able to succeed and grow with the incomes that interest and interest margins from mortgages bring to the bank. The main income for the banks has been in particular the interest. Interest rates in all Europe have been in a low stage already several years and in the next few years it is estimated that there will not be seen major changes or growth in the interest rates in Finland or in Europe. Low interest rates have decreased banks incomes, and banks in Finland have been forced to find another channel for profits. Banks have been forced to modify their business strategy in order to continue the growth. In addition, competition in the Finnish banking industry has not been too hard earlier, but today new operators are coming to the industry. Smaller wealth management houses are offering services aggressively but also new finance warehouses are being born. Shadow banking is becoming more common and competitors from abroad are coming to Finland. These are the factors that have created the need for the growing supply of wealth management services and has affected to the change

in the whole finance business in Finland. In Table 1 it is shown how the Euribor interest rates have been changing during recent years.

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Euriborkorkoja %										
1 kk	2,144	2,945	4,080	4,276	0,888	0,570	1,178	0,325	0,130	0,131
3 kk	2,186	3,083	4,277	4,644	1,218	0,813	1,393	0,571	0,221	0,209
12 kk	2,335	3,440	4,449	4,826	1,610	1,352	2,009	1,108	0,536	0,475

Table 1. Euribor interest rates (Tilastokeskus 2015).

As it can be seen in the Table 1, the interest rates have been lowering a lot during the last years. The change in the interest rates has affected to the whole European economy.

1.1 Justification

The aim of this study is to help Etelä-Karjalan Osuuspankki to grow its market share among micro companies wealth management sector. The focus on this thesis is in new selling operations for micro companies' wealth management services.

In general, the state of the micro companies has been strengthening in Finland. In 2012 micro companies employed more than 170 000 persons in Finland. That number equates 10% of all companies operating in Finland. For economic growth and employment rate the meaning of micro companies is essential. Micro companies are commonly seen as small scale companies, but actually this group of companies has been able to grow at the same time when the economics in general have been in recession. Similar kind of phenomenon can be seen in EKOP. There are many micro companies as company customers in EKOP but the sales are not targeted to that group of customers. 90% of all company customers in EKOP are micro companies (Ikonen 2015). Micro companies are a growing customer group in this economic situation in Finland

and therefore it is justified to put effort on this research and that is why the target group is selected to be micro company customers in this thesis. (Työ- ja elinkeinoministeriö 2014.)

Wealth management is a growing business area. One of the factors supporting the above mentioned fact is that many funds have been growing steadily in the past few years. In 2013 global fund assets reached its all-time high in equity and balanced/mixed fund categories, North America and Europe being the largest contributors in the business. The predictions of wealth management industry are given with risk today because of the financial crises but still there is an estimation that the industry will be growing in the terms of Assets Under Management (AUM). Wealth management operators are using AUM to calculate how many investments are managed. AUM is also used in comparison between competitors and larger number of AUM indicates growth. (Performance Measurement Committee of NCREIF 2011; EY 2014.)

The level of activity on offering wealth management services for micro companies could be better in EKOP and the potential to have wealth management customers from the sector of micro companies is considerable when calculating the number of micro company customers. At the moment there are not enough competent employees so that micro company customers could be served best in the field of wealth management services. It is unclear how the sales for micro companies should be executed and who is responsible for the sales. At the moment there exists a sales model where sales for micro companies are handled via different kind of campaigns but the smallest customers do not have a contact person in the bank (Ikonen 2015). The cooperation in the whole bank needs also improving. The gap between a company section and a private person section needs to be smaller and the cooperation inside the bank should be more fluent. Fluent cooperation inside the bank influences directly to the customer satisfaction and customer satisfaction can be seen in the sales rates. That is why improving cooperation inside EKOP is an essential part of this thesis. Rationalizing the sales model for micro company wealth management sales is therefore justified.

1.2 Objectives and delimitations

The objectives of this thesis have been divided into two parts. This research investigates the current state of the sales of wealth management services for micro companies and how the sales could be developed in the future. The target is also to find out what kind of support private person advisers needs so that they would be confident enough on starting to sell wealth management services for micro companies. The other objective is to find out the state of the cooperation inside EKOP between the company and the private person advisers and how to improve the cooperation.

The research is conducted by interviewing employees so it can be said that the current study is an opinion of the employees. Therefore the sales model suggested takes into consideration only the suggestions of the employees, and the strategy of the case organization or the opinion of management of the case organization is not studied.

Focus on this thesis is only on micro companies' wealth management services from a selling point of view. All other customers are excluded from the research. EKOP has very functional model for private customers, and companies who have more wealth and who need individual wealth management services and this is the reason why big companies and private persons are left out from this thesis. Detailed information of the services is delimited because it is assumed that the target group of the empirical part of the thesis is familiar with the services. This thesis focuses only on the sales, processes and models, as well as improvements of the sales models.

1.3 Research methods

Present research is conducted as a qualitative research. Qualitative research method is a method where a researcher is trying to understand the object and its features and quality (Jyväskylän yliopisto). One of the definitions of a qualitative research is that the research is all-encompassing information gathering where the material is gathered in actual and natural situations. In addition quali-

tative research method is favoring people as an instrument to gather information. In qualitative research method the researcher can get deeper into the population's feelings and opinions than in quantitative method. Also the researcher should have close relations with the target group and to the phenomenon. In qualitative research the population is selected in meaning and not randomly. Qualitative research method enables the use of many different methods such as group discussions, interviews, observation or on-line societies. (Grönfors 2011; Räsänen; Jyväskylän yliopisto.)

Qualitative research method is justified here because the purpose is to understand the present situation in Etelä-Karjalan Osuuspankki. With the help of certain group of employees, experiences and information are gathered to have deep study in to the wealth management sales for micro companies. The material for empirical research is gathered from a small, defined group of employees and based on the material the researcher is trying to make generalization of the opinions. This kind of material gathering and benefiting is typical for a qualitative research. In addition, the researcher has relatively close relations to the topic as the researcher is working as an investment adviser in Etelä-Karjalan Osuuspankki

The present research is using a qualitative research method that is benefiting different kind of means. In this thesis theory part was gathered using books, academic articles, newspapers and Internet sources. Articles and writings related to the banking sector and to the economics are mostly used. The emphasize of this research is more in empirical part where the research methods are semi-structured interviews and observation.

Interviews are executed as semi-structured interviews inside EKOP. Interviews are conducted partly via e-mail and partly on face-to-face interviews. With interviews the aim was to find out what the level of action is at the moment, what difficulties there are and what kind of support advisers require so that the wealth management services would be offered more for micro companies. Based on the answers, the researcher will create a new operational selling process for EKOP. The sample was gathered from both company section and private per-

son section of the organization. All interviewees have some experience from wealth management services. By interviewing both sections the researcher will found out very widely the expectations and needs for the sales process. As the researcher is working in the case company as an investment adviser very close observation can be used during the thesis process. Observation was selected to be one data collection tool in the present research. Observation was an obvious method in this thesis as the researcher is working in the case organization, so a longitudinal and very close observation could take place. In this study a focused observation was used. Focused observation is a method where interviews support the observation and the results of interviews give a guide for the researcher what to observe. Observation is a method for qualitative research where the researcher can describe the existing situation of the events or behaviors. Observation is a tool to collect non-verbal data and to observe feelings as well as gestures. By using observation the researcher is also able to confirm the data collected in interviews. Observation as a method has also faced some criticism. Earlier studies show that a male and a female researchers have got different results in observation. The researcher's bias is another thing mentioned especially if observation is the only method in the research, and therefore interviews play significant role in this study. Interviews were chosen to be the primary tool but observation was used to fulfill the data and to compare results gathered with different methods. Also the use of many methods was to increase the reliability of the research. (Kawulich 2005.)

With the selected methods the researcher's target was to gather enough information to be able to give suggestions for case organization how to improve the micro companies' wealth management sales process.

1.4 Research questions

Research questions are outlined to support the present Master's Thesis. The questions are come along throughout the thesis and in the end of the thesis all the questions are answered. There is one main research question presented and two sub-questions outlined.

1. What ways can Etelä-Karjalan Osuuspankki improve the wealth management sales for micro company customers?
2. How can EKOP improve its cooperation inside the organization between company and private customer sections?
3. How can the current personnel be benefited as a resource in the sales for micro company customers?

1.5 Theoretical framework

Theoretical framework of the current study is set to give boundaries to the research. It gives outlines for the theory part and supports the researches target as well as the empirical part of the study. Theoretical framework includes scientific literature of banking industry and wealth management. Theoretical framework includes the necessary theory that is needed in order to complete the empirical research. Theory supports and helps the execution of the empirical research and also supports the findings and gives direction for the suggestions and creation of the draft of a sales model.

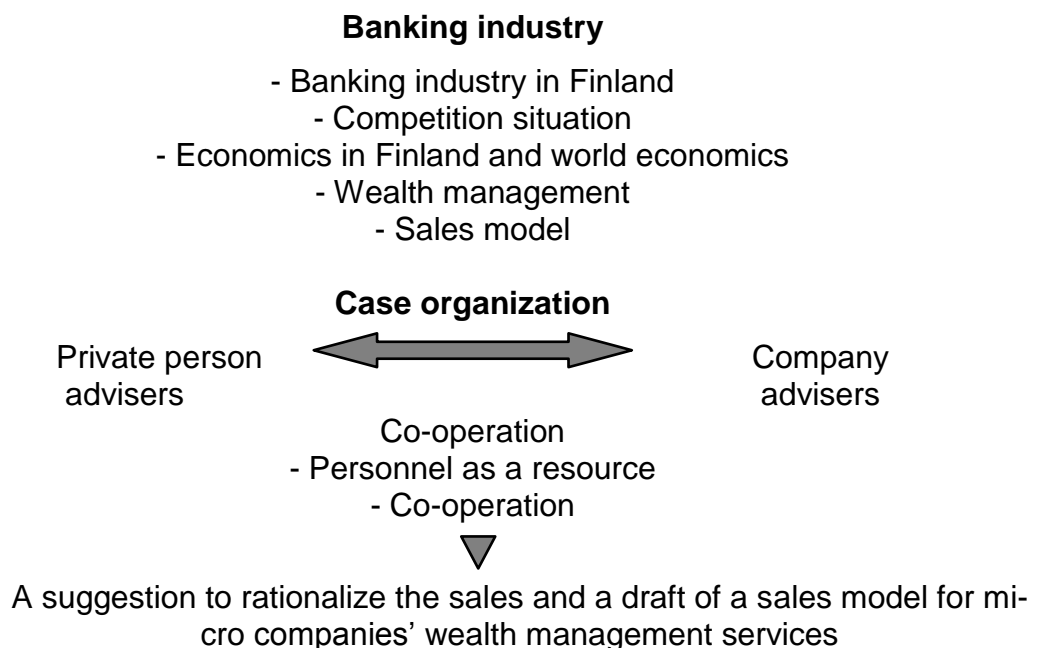


Figure 1. Theoretical framework.

The purpose of the research was to find out the current state of the sales of wealth management services for micro companies and the state of the cooperation inside EKOP between private person advisers and company advisers. After investigating the phenomenon a draft of a sales and a sales model is suggested and created.

As the case organization is a financial warehouse the theory part is gathered from literature related to finance industry and sales models. First information about banking industry in general in Finland was gathered. The function of the banks and current topics in the industry are presented. The main risks of banking industry are explained. Economic situation is influencing on the finance markets quite directly so theoretical framework also includes an overlook for the economics in Finland as well as world economy. The impact of the economy for finance markets and wealth management is explained. Also the impact of the European Union to the Finnish banking industry and wealth management is studied. As the topic of the research is to study wealth management sales it is obvious that theoretical framework focuses for wealth management and sales models for major part. An essential part of the theoretical framework is information of wealth management. Some history and development of wealth management industry is presented, the concept of wealth management is explained and trends are looked over. Wealth management as a service is considered and a brief overlook for the competition situation is presented. Another important issue in theory part is the study of the sales and sales models. General information of the sales models and the meaning of the sales training in corporations are gathered. Sales processes in general as well as the sales process of wealth management services are explored. Marketing mix as a part of the sales work is presented and a general sales process is outlined.

Presentation of the case organization is gathered. First there is general information of OP-Pohjola Group studied and presented and then in more specific level Etelä-Karjalan Osuuspankki is presented. The presentation of Etelä-Karjalan Osuuspankki is outlined to concern more the company section and wealth management services.

When combining the theoretical framework to the empirical research the researcher is able to get a good overlook of the present situation of the topic of the study. Theoretical framework also helps in the creation of the suggestions and drafting a sales model for the organization.

2. Banking industry

Bank is an institution offering different financial services and operating in service business in many areas. Bank's business operations can include, for example, wealth management, credits and lending, payment transfers and insurances.

2.1 Banking industry in Finland

The Bank of Finland is a Finnish central bank that provides services to domestic financial operators. The bank of Finland is responsible for the implementation of the monetary policy of the European Central Bank in Finland (Suomen Pankki). Banking as a business area is highly regulated in Finland and it is not easy to access into the business even though the tightest regulations have been released in 1980s (Klami 2012). Competition situation is tightening all the time and different size companies are entering into market; some totally new born, some of them are merging or widening the actions.

The Finnish banking industry has been facing radical changes during the past few years and is an excellent example how new business models can be adopted. A few main aspects can be identified that have influenced on the changes in the banking industry in Finland. The biggest changes can be found from the fields of electronic services, Europe-wide harmonization and current economic situation where especially the level of interest rates plays a big part (Aspara & Rajala & Tuunainen 2012). The change in the interest rates has put pressure on searching profits from alternative channels. The traditional net in-

terest incomes have been losing its meaning for banks and the meaning of different kind of rewards has increased. (Klami 2012.)

The changing economic situation has affected the whole banking business and credit institutions' profitability, and also individual customer advisers have faced the changing working environment. Customer advisers are turning more and more as bank's sellers. This change has brought new challenges also for employees and to the working culture. The challenge for the organization is to get the whole personnel to commit to the new operational models where customer service is changing more to sales work. The personnel need to be trained more so that the personnel as a resource can be utilized all-encompassing but not to forget the differences in characteristics.

2.2 Laws and regulations

Finance industry in Finland is highly regulated by different laws and regulations. As a member country of European Union (EU) Finland is obeyed to follow regulations and directives coming from the EU. In addition to EU laws, finance industry in Finland is regulated by Finnish national laws and Financial Supervisory Authority (FIVA). Europe-wide harmonization is also one of the issues Finland has to consider as a member state of the EU and for the sake of the harmonization all the regulations has to be implemented in Finland. (Financial supervisory authority 2014.)

In the EU level there is a European system of financial supervision. The supervision from the EU level has been divided into three supervisory authorities, the European Securities and Markets Authorities (ESMA), the European Banking Authority (EBA) and the European Insurance and Occupational Pensions Authority (EIOPA). The system also comprises the European Systemic Risk Board (ESRB) operating in conjunction with the European Central Bank and Joint Committee of the European Supervisory Authorities and the national supervisory authorities. (Financial supervisory authority 2014.)

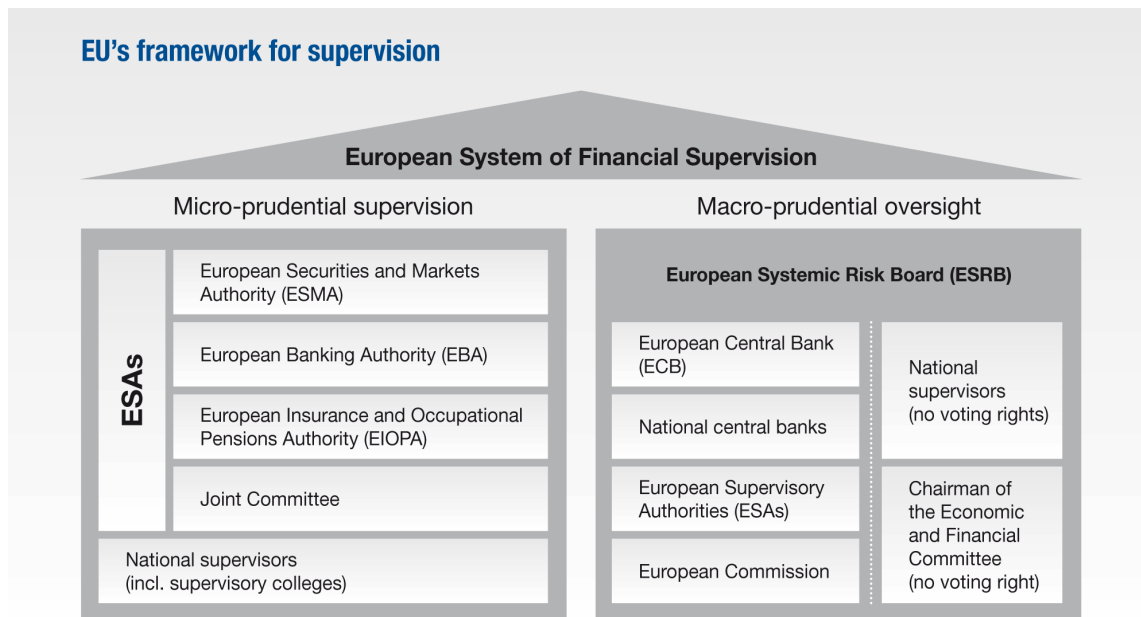


Figure 2. EU's framework for supervision (Financial supervisory authority 2014).

The competence of these authorities is broader than earlier and they can directly give standards that are binding the member states. The aim of the authorities in the EU level is to harmonize the supervision throughout the Europe. Banking systems inside Europe are tried to merge similar so that all citizens inside the EU have similar rights and banks in all member countries are treating customers in same appropriate way. (Financial supervisory authority 2014.)

The European banking authority is the closest authority when concerning commercial banks. Its objectives are to maintain the financial stability and to provide harmonized rules for financial institutions for all member states inside the EU. Also efficient risk supervision is one essential task of the EBA. (European Banking Authority.)

New regulations for banking industry are coming all the time. In addition to the EU regulations, Finnish banking industry is also influenced a lot by the United States (US). US finance market is a big policymaker for Finnish finance industry. Regulations made in the US markets as well as in the EU-markets are affecting straight to Finnish banks business decisions. (Andersen 2015.)

2.3 Risks in banking field

The main risks in the Finnish banking field can be identified and those are the main reasons also for the changing banking environment. Liquidity, credit and market risks are the major risks for Finnish banks. (Finanssivalvonta 2012.)

Liquidity risk is related to the savings and deposits. When customers' money is directed more to the wealth management services, deposits are decreasing and that affects the liquidity risk. As a consequence banks do not have that much cash in the accounts that could be lent forward. On the other hand, it has been said that one of the reasons for this economic situation actually is the money laying in the accounts. Aging population in the Euro zone does not want to invest money but are keeping the money in the accounts. When there are no investments, there is no economic growth. Credit risk includes the quality of credits but also the risk of bankruptcy of bond investments. Changes in interest levels are identified as market risks. (Finanssivalvonta 2012; Isotalus 2014.)

European central bank made a stress test to the Finnish banking sector and the results were mainly good. OP-Pohjola, Nordea and Danske bank in Finland were said to have good solidity even in a situation of bad economic development. The results also support the confidence of Finnish consumers to the banking sector. (Arvopaperi 2015.)

2.4 Competition situation in banking industry

Financial industry in Finland is growing rapidly when considering the amount of service providers. There are many service providers who are entering the industry and are offering new and wider range of services to the consumers. One reason for the growth is coming from international matters. Smaller international companies are globalizing and Finland is getting its own part of those companies. At the moment one challenge to Finnish financial markets is the integration to the international, and especially to the European, financial structure. (Andersen 2013.)

Competition situation in the banking industry has also been under changes. New financial warehouses have been born and smaller wealth management houses have increased their popularity. Different size companies in the industry specialize in different services. In Finland there are smaller companies that offer only certain services. For example, Santander or Everyday are companies that offer only smaller consumer-loans. There are also companies that offer only wealth management services, like Evli, Alexandria or Taaleritehdas. In addition there are big finance warehouses like OP-Pohjola or Nordea. These warehouses are offering all services from all business operations for customers' needs and are under tight monitoring. S-pankki is an excellent example of new business in the Finnish banking industry. S-pankki is an example where the actions are growing. It started to operate only with accounts but then little by little it has grown and offers today mobile and internet services, consumer loans and funds. Tapiola is an insurance company that has merged to S-pankki and that is how a new finance warehouse was born. (S-pankki.)

Restructuring the industry has opened possibilities for new providers. Shadow banking system has brought new providers to the industry. Many of the smaller companies can be included to the shadow banking system. Shadow banking in Finland is internationally considered still small but is influencing on the Finnish banking industry. Shadow banking system is out of the Finnish banking sector regulations but is providing similar services than traditional banks. Shadow banking system is widening rapidly because the supervision is not as tight as in the traditional banking sector. The growth of the shadow banking is increasing worries among traditional banks because more money is streaming into the shadow banks and that causes instability to the economics of the traditional banks. On the other hand, shadow banks are widening the selection of service providers and is that how increasing the liquidity in the markets and decentralizing the overall risks. (Honkanen&Koskinen 2015.)

Although there are many new companies operating in banking field it is not easy to access to the industry. Banking business needs permission from Financial Supervisory Authority in Finland. Permission is granted if the credit institution fulfills all the required conditions. After the permit is granted, the credit institution

can operate in banking field and offer various amount of banking services. According to the credit institution action law banking operations or services includes wealth management services. (Financial supervisory authority 2015.)

2.5 Electronic services in banking industry

Finland is one of the leading countries in the world in the banking technology. The development of electronic services in the banks in Finland has been rapid since 1990s. Consumers have found an easy way to buy services and banks have found a new and cheap way to provide services. Electronic services have changed the service structure in banks and are one of the reasons why new sales models have to be developed. (Koivosto 2011.)

Bank offices have been closed especially in the countryside because of the low usage levels. That has forced customers to learn to use the Internet in order to deal with banking issues (Klami 2012). Advanced mobile services have been major operator in the change of traditional banks. Nowadays it is very easy to follow and make changes to own banking services via Internet or mobile. Internet and mobile services have also changed the culture in banks. Today customers are met more on the Internet and traditional appointments in banks are little by little vanishing. Web-negotiations are increasing their popularity and mobile services are very advanced today. Customers are met less in the offices and more sales opportunities are vanishing. That is why it is essential to consider different sales models as customers are expecting a perfect service also in mobile services today. The development of internet and mobile services also supports the fact that wealth management services belongs to every customer, because funds and stocks can easily been bought and followed from the mobile services. (Korkiakoski 2012.)

3. Economic situation

Economic situation in the world is a key factor in the changes in the banking industry. Banking industry is highly depended on the economic growth and even rumors of the changes in the economic situation can affect to the actions in the banks.

3.1 World economy

Global financial crises started in 2009. Still today the global economy has not recovered in the hoped way and there can be discussions about unstable economic in all over the world.

World economy had quite good forecasts for the year 2015. It was estimated that economic growth in the United States will be good during 2015 and growth in the US is a key reason why the global economy was estimated to grow. Still the economy of the US will clearly grow faster than the other world. Japan is struggling after a recession in 2014. China is about to grow but the growth is estimated to be slower than earlier. Russian economics is going down in recession and European Union is estimated to grow slowly, approximately 1%. European interest rates are expected to stay low for a few years. The biggest reason for the economic growth is the low oil price. At the moment in international level one of the major factors for developing economic situation is the decreased oil price. Also long interests have been decreasing in Euro Zone which helps the economics in Europe. Economical sights especially in developed countries are starting to look mainly better and the numbers are increasing but in undeveloped countries world economics is still struggling. (Rugaber 2014.)

The predictions of the economy can quickly change and the numbers of the economic growth for 2015 has been lower than it was estimated in 2014. The first six months of 2015 were disappointment for the economy and the US and China did not get the hoped growth. China has been able to grow but the growth rate has been very slow for the country which has been a surprise for

the economy. As the US is a very important partner in economy for China, also the US growth rate has been lower than estimated. In the EU the growth has been also slow but little by little the economists are starting to believe on the rising economic although there is not estimated a rapid growth for many years. The instability in the economics still remains. Economists believe that the weak six months were only temporary and the end of the year will be better and the world economic will start to grow. (Danske Bank 2015.)

High level in unemployment is one of the reasons for this economic situation and causes challenges for banks all over the world. In this situation customers use their savings into daily activities and cannot pay loans as planned. It is a challenge for bank sales advisers to get a customer to understand how important saving is also in a difficult economic situation. In the Euro zone unemployment rate is in very high numbers and in August 2015 the rate of unemployment was 11% whereas in Finland it was 9, 7 % (Eurostat).

3.2 Economics in Finland

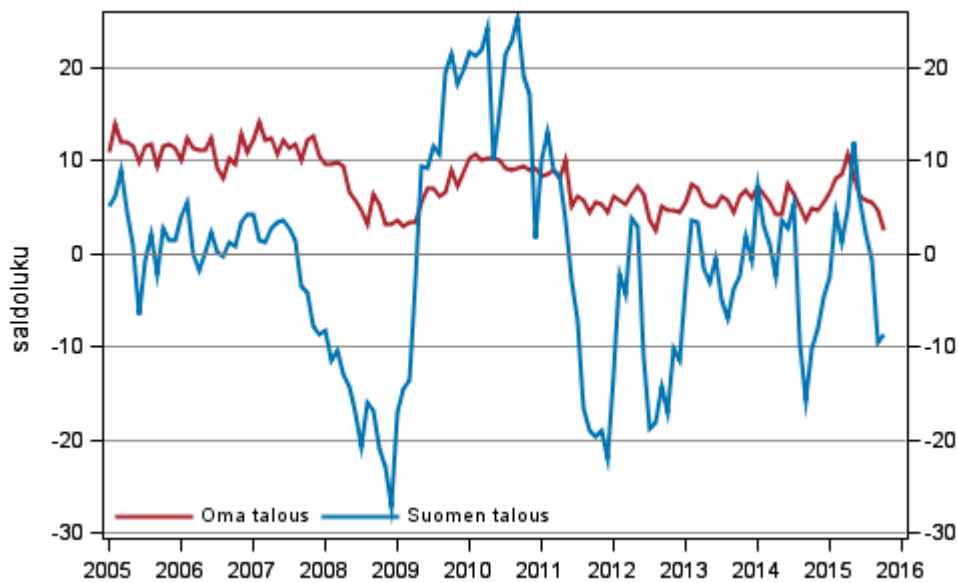
The positive development of the world economy is influencing also to Finland and the forecasts are that the recession is starting to be past, although the growth will be very slow and vulnerable. (Lassila 2015.)

The economic growth in Finland for the last few years has not been as good as it has been estimated, and bad economic situation is still continuing (Euro ja Talous 2014.) It was first estimated that the Finnish economy will slightly grow in 2015. Still the year 2015 has been quiet in Finland and the end of the year has not been estimated to be better. Economic indicators have been quiet and unemployment has been estimated to increase in 2015. Although the Finnish government is making tightening activities in the public sector, the public debt is going over 60% limit in 2015. Finland is highly depending on exports, and export to the Euro Zone is estimated to grow slightly but slow development of exporting to Russia is a barrier in the Finnish economics. (OP-Pohjola.)

The current predictions are that the economy of Finland stays in recession the whole year 2015 and the slow growth would start in 2016. The fear in Finland is that the European Union economy is starting to grow and as a consequence, the EU has to increase interest rates but if Finland does not get its economy to grow, the increased interest rates will harm the Finnish economy. (Lassila 2015.)

The confidence of the Finnish consumers to the economics in Finland has been lowering during the summer 2015. Finnish consumers are skeptic to the own economics at the moment and the outlook of Finnish economy as well as the general employment are overcast. The majority of the consumers do not trust that Finnish economy will get better during the next year. An indicator that measures the consumers' confidence to the Finnish economy gave a better result in September 2015 than a year ago but when comparing the result to August 2015 it has been lowering. The indicator has been lowering from 8, 3 till 4, 2 in one month. (Tilastokeskus.)

In the following table it has been shown how well the Finnish consumers trust to the own personal economy and to the economics of Finland. The red line represents the own personal economy and the blue line the economics of Finland.



Graph 1. The expectations of the consumers from the own personal economy and from the Finnish economy (Tilastokeskus).

As it can be seen from the graph, consumers trust more the own personal economy than the Finnish economy in general. Also the sights from the year 2016 are not promising according to this barometer.

3.2.1 Micro companies in Finland

Micro companies are an essential employer in Finland (Yrittäjät 2015). It is a growing sector of companies in the whole Finland (Modig 2015). Micro companies also represent a big group of customers in Etelä-Karjalan Osuuspankki when calculating the number of customers. By calculating the wealth of micro companies together, the amount is not that considerable for the bank. Still this group of customers is interesting for the bank as there are numerous amounts of micro companies and the governmental support should be targeted also for small companies so that they are able to grow bigger companies (Partanen 2014). Also it is said that there are two ways of becoming wealthy in Finland, either a lottery win or entrepreneurship, and then the customer relationship is important for the bank (Ikonen 2015). For the researcher this target group is

interesting because the researcher is currently working among private customers and the development of own work knowledge is essential.

Micro company is a company where there are less than 10 employees and sales revenue is less than two million euros per year. Micro companies are the biggest group of companies existing in Finland. 93,4% of the companies in Finland are companies where work under 10 employees. (Yrittäjät.)

The meaning of micro companies for the Finnish economy is undisputed. Micro companies employed in 2009 approximately 150 000 employees in Finland and the amount of employees had risen till 172 000 employees in 2012. Growth rate of the micro companies is fast. Micro companies are often considered as a modest group of companies but are representing dynamic industries and have been able to grow whereas the economics in Finland has been lowering. Micro companies have an essential role to maintain the employment in Finland. Micro companies have been able to create new jobs during recession years so the importance of supporting micro companies has risen. Micro companies should be supported so that the growing path of the companies would go from the micro company size till small and medium sized companies. In order to grow the economics and employment in Finland the actions and operations of micro companies should be supported in similar way and with same severity than the actions and operations of big companies. (Partanen 2014; Yrittäjät 2015.)

Entrepreneurship is currently actively supported in Finland. Finnish government wants micro companies to be an increasing group of companies in Finland. Finnish government has outlined that it is supporting small companies and entrepreneurship by reducing taxation. (Modig 2015.)

3.3 Economics and wealth management

Wealth management is a fast moving industry and can be changing hourly. A sales adviser has to be aware of the world economy all the time so that course changes can be explained and justified. Changes in economics, world crises or big events are immediately influencing on the stock or fund rates.

Although the interest towards wealth management services has been growing in Finland there are still big savings laying in the accounts so there is potential for customers to increase their wealth by using wealth management services. The use of the wealth management services is also helping the economic situation when people are investing money, for example, in funds. There is an imbalance between investments and savings in Finland. Aging population is saving so much that all the money cannot be invested so that economic growth would start. On the other hand nobody wants to invest when there is no demand or economic growth. This is a circle in the European Union where the solution has not been found. (Lindström 2014.)

The capital of the Finnish funds grew in the second quarter in 2015. The total amount of capital invested in the Finnish funds was 98,6 billion euros in the end of June 2015. In the following figure the capital invested has been divided between the investor sectors. Blue represents insurance companies, green households, turquoise other investment funds, pink companies and grey others. (Suomen Pankki 2015.)

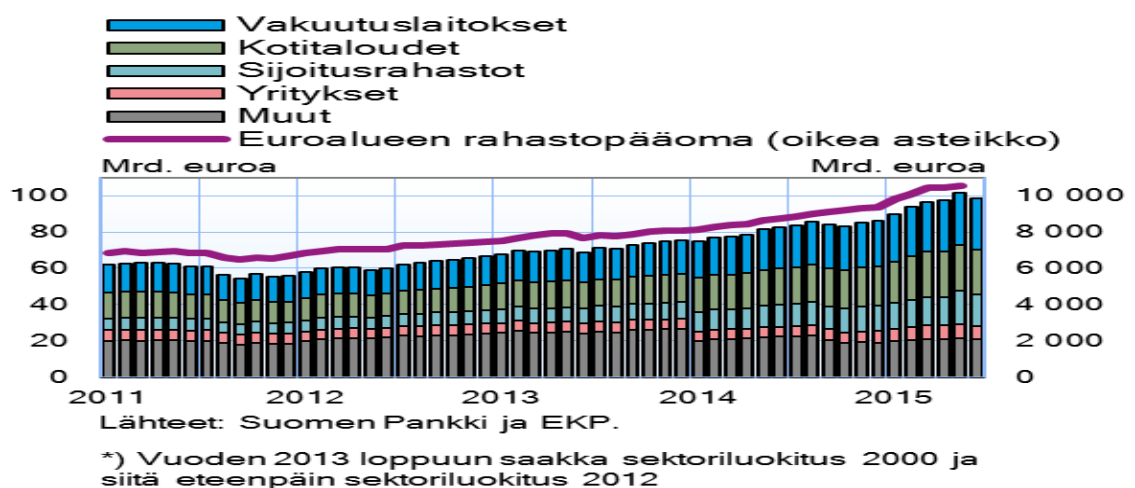


Figure 3. The capital of Finnish investment funds between different owner sectors (Suomen Pankki 2015).

Companies as an investor sector are the minority of the investors for Finnish funds. All other sectors have been investing more equal amounts so companies in Finland could be raising the capital invested in funds.

4. Wealth Management

Wealth management is one of the fundamental business areas in banking field especially among finance warehouses. Zero interest rates have forced people to get used to market risks if profit for the own money is hoped and therefore interest towards wealth management services has increased. (Toivonen 2015.)

In wide aspect the term wealth management can be explained as personal investment management, financial advisory and planning actions for the benefit of high-net-worth clients (Financial Times). In this thesis wealth management is focused on the financial advisory. Wealth management services in this thesis include funds, capitalization contracts and other services that can help the company to make profit with investments or to have inflation protection.

4.1 Supervision of wealth management

In addition to financial supervisory authority of Finland, European Union governs the investment markets and services inside the EU. MiFID (Markets in Financial Instruments Directive) is the directive that regulates the investment markets. The main issues that MiFID regulates are the provisions of the investment services and the operations of traditional stock exchange. MiFID have been enabling more open competition inside the whole EU. (Markets in Financial Instrument Directive 2004.)

4.2 Investment portfolio

Wealth management is an industry that needs specific knowledge. A customer's investment portfolio should be built with care. In many cases a customer needs the help of a professional wealth management house.

One of the most important issues in investing is to diversify. By investing to different assets classes the total risk of the portfolio becomes smaller. Also profits and losses balance each other. Time period is another essential part to consid-

er. Investment target is largely depending on how long the customer can bond the own money. Expenses of the investments are also directing the built of the investment portfolio. Certain investment classes can include expenses when selling or redeeming the investments in the beginning of the investment period; therefore the time period is playing a significant role. Diversifying, time period and expansion are issues where a professional can help the customer. The decisions of investing to the right targets at the right time are made in cooperation between professional wealth management house and the customer. Surveying out the customers' needs and willingness to participate in the decisions, the professional can develop a suitable investment portfolio to the customer. (Nordea.)

4.3 Wealth management as a service

Wealth management can be defined as a practice that combines a personal investment management, financial advisory and planning disciplines directly for the benefit of the customer. More narrowly and simple way wealth management can also be defined as a wealth managers help to customer to plan an individual investment portfolio and advice to customer how to prepare for financial needs in future. (Financial Times.)

Banks are increasing the interest towards potential new customers in the field of wealth management and the target can be even in the lower end of the wealth spectrum. Wealth management is commonly known among wealthy people and private bankers are familiar definition to them. Today competition is tightening and the target group for wealth management services has to be wider. The main reasons for banks to increase the wealth management service level are to deepen the customer relationship and to increase the banks own profits. (Wood 2014.)

Typical wealth management services that banks can offer to customers today include savings accounts, funds, capitalization agreements and stocks. In a more expansive service wealth management can also include philanthropic counseling of the governance and some service providers can also include banking, lending or legal advisory to the service mix. A typical wealth manage-

ment service includes also tax planning around the investment portfolio and also estate planning. As a service, wealth management is supposed to bring inflation protection to the customer but also to increase the wealth of the customer. (Financial Times.)

Taxation is an essential part of the wealth management service in Finland. Taxation planning is different from tax avoidance. Tax planning is legal and the aim is either to lower the end taxes or to transfer the payment of taxes in to the future. Taxation is important for the customers' personal economy and therefore wealth management houses have to be aware of the taxation. Especially when the customer is a company the taxation has an important role in investment portfolio because with taxation planning company can make very reasonable choices and savings during the accounting period. Taxation planning should be present all the time during making the investments. Whenever the customer makes an investment the consequences of taxes should be clear. Different wealth management services can be taxed differently and that has to be considered with the customer before making the decision of the service. (Salkku.)

Customers are more conscious about banking services and interest towards wealth management services has increased also among smaller customers. Traditionally wealth management services have belonged to customers with wealth or for big companies. Today smaller companies and customers are also interested in wealth management services and wealth management services provided by the bank are allocated more also for smaller customers. The reasons for the growing interest are inflation protect but also the profit for the own money.

Wealth management is needed when customer has savings over the normal daily use. In today's wealth management services the owner of wealth can choose several services and many services can be simultaneously in use. Agreement of wealth management services is made with the service provider where all the responsibilities and obligations are defined. In wealth management services the risk is a part of the service. If customer achieves good profits in this economic situation there has to be some level of risk taking along. There

are several levels of risk in different services of which customer can choose the appropriate one. (Andersen 2013.)

In the following picture it is shown how wealth management is dealt in the most simple way and how the money moves.

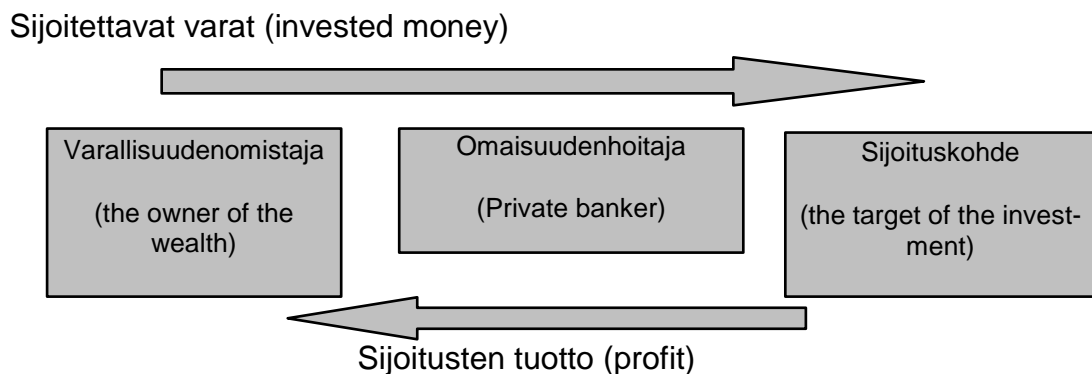


Figure 4. Structure of wealth management services (Andersen 2013).

With wealth management services, it is not only the profit for the customer that bank can offer but also good customer relationship and customer satisfaction belongs to the service of wealth management. When bank can offer several services and suggestions to the customer it increases the customer loyalty and satisfaction which is extremely important factor for Finnish banks in this competitive situation in the industry.

4.4 Development of wealth management industry

In Finland wealth management can be considered as a rather new business area. Wealth management that is based on financial markets has become more common only in the 1980s and wealth management industry has developed into its today's form in the 21st century. (Andersen 2013.)

The changes and development of wealth management in Finland correlates straight into the development of the society. Wealth management has been developed hand in hand with the development of the wealth of Finnish people.

There can be identified following phases in the development of wealth management services:

- Before 1980 financial markets were highly regulated and wealth management was limited.
- 1980s foreign currency loans and stock investments came
- 1990s stocks and funds were internationalized
- 21st century funds, capitalization agreements and structured products became more common
- In 2010 wealth management services are widened and automated

It is noticeable that the industry is under constant changes. After 1990s there have been several crises also of which the last financial crisis started in 2009 is still influencing to the industry. (Andersen 2013.)

4.5 Wealth management trends

In the field of wealth management the competition is tightening also and service providers need to be constantly known of the competition situation and new services needs to be offered. Wealth management services are diversified and extended a lot during few past years and in the future the service range is growing even more. Wealth management services are offered all around in Finland and the services can be easily offered to Finnish people living abroad also. The development of mobile banking services have enabled easier sales to abroad. (Andersen 2013.)

Andersen has identified six trends that are modifying the wealth management industry. The first trend is that Finnish people's wealth has been growing as a result of aging, entrepreneurship and in heritage. The first trend is also getting support from Lea Keinänen, the executive vice president of Evli Pankki, who thinks that the aging of the population and in heritage are influencing to the positive trend of industry (Kauppalehti 2015). The second trend is the development of the technology. With technology wealth management services can be

provided for wider customer groups and the service providers can offer up-to-date and easy following and monitoring to the investments. The third trend is competition in the industry. The fourth is outsourcing and differentiation. The fifth and sixth are solidify and responsibility. Competition is hard in the industry in the national level but also international companies have entered to the Finnish wealth management industry. International companies are also bringing the need for outsourcing for Finnish companies and one of the effects have been cost efficiency in wealth management services. Solidifying means that more little pieces and investments are combined into a bigger wholeness. Responsibility in wealth management has been a topic in Finland especially when offering wealth management services for older people and also when considering the corporate social responsibility (CSR) of the company. In future CSR matters are increasing even more and the focus is on paperless actions and energy efficiency. (Andersen 2013.)

4.6 Competition in wealth management services

Competition in wealth management industry is hard in today's business world. Wealth management services are becoming more common among customers and companies and that sets a demand for the services. Also tightening regulations are pressuring banks to decide whether to continue into traditional way or renew the operations. Banks need to consider if it is still profitable to produce all services on their own or buy the services from outside and if it is still worthwhile to offer all the services. In the US-market the change has already begun and stock business has differentiated from banks. The reason for renunciation is that banks are offering the same services and they need to start to specialize more and separate one from competitors. (Andersen 2015.)

There are 54 wealth management houses operating in Finland according to the Financial Supervisory Authorities. Only 13 companies made losses in 2014. Wealth management is a business area that is succeeding even in this economic situation. Funds are a tempting investment target as the accounts are not profitable for the customer. The main competitors in South Karelian region can be identified to be Etelä-Karjalan Osuuspankki, Nordea, Danske bank, S-pankki

and Alexandria. Nordea and Danske bank are operating with very similar business idea than OP-Pohjola. When considering only the funds, Nordea Funds is the leader in the whole Finland and is responsible of the industry's development. Nordea Funds market share is 38% at the moment. All companies offer very wide range of services where wealth management is only one part of the service range. S-pankki is a new comer to the industry. It has started to offer funds for customers and the growth of S-pankki has started well. Alexandria is small, foreigner wealth Management Company that is specialized in offering only wealth management services for customers. All the competitors have an office in South Karelian region and offer services in the same region as well as in other parts of Finland. Services that are offered are very similar among all the competitors. (Kauppalehti 2015.)

Products are very similar between competitors, therefore the element to dissociate from competitors is the service provided for the customer (Leppänen 2007, p 9).

5. Sales models

It is said that top results can be achieved only with operating models or by accident (Salesenergy). Therefore it is essential that a successful and a modern company is having carefully designed sales model to achieve top results. Employees throughout the organization have to be committed to the sales targets.

5.1 Segmentation

Segmentation is a vital issue in corporations. Segmentation means that the totality of something is divided into many small sections that differ from each other. In the very competitive market situation on organization's need is to differ from competitors and one way is to find new segments to focus and try to find profits from there. It is not profitable for the company only to try to sell for existing customers although it is vital to contact and fulfill the needs of the existing

customers also. Segmentation is done so that the company can understand the need of different customers better and can allocate sales for each customer group. (E-conomic.)

Customer segmentation is playing a significant role in company's strategy. It is vital to recognize the customers and divide them into the groups so that right kind of sales and marketing can be centralized. Also with customer segmentation company can recognize the biggest potential groups and focus sales on those groups to maximize the incomes. (E-conomic.)

5.2 The change and meaning of sales work

There have been big changes in the sales work in recent years. The biggest change has been recognized to be the change in customers. Customers are more conscious today and therefore emotions are important in sales work. Seller's mission is to recognize the customer's feeling and to impact to the feelings in aim to achieve the sales target. Customer loyalty and the trust between the seller and the buyer are supporting the organizations financial success and accomplish the sales. (Laine 2008.)

The target of the sales work for the organization is to increase its own capital. The organizations own capital accumulates when all the targets of sales work are achieved. Sales work targets have been recognized to be right target groups, satisfied customers, long customer relationships, continual sales transactions and good recommendations between customers. Customers tend to buy what other customers have been buying in aim to increase the own feeling of safety and this is the reason recommendations are vital for the organization. (Leppänen 2007 p. 30.)

All sales models that are functioning in a bank should have one element, trust. Money is a sensitive area in people lives and it can be very sensible issue. Therefore the seller of the wealth management services has to be careful with customers and the recognition of feelings rises to be an essential part of the sales work. Banks are considered in Finland very trustworthy. A research con-

ducted in Aalto University states that customers associate trust to banks. When buying a service from a bank, a customer has to have very strong trust towards the adviser before he or she buys an extra-service from the bank. Therefore the customer relationship cannot depend on one adviser in the bank. Behind every customer relationship there should be a sales team so that in every occasion customer contacts the bank there is someone trustworthy adviser present for the customer. (Aspara & Rajala & Tuunainen 2012.)

The importance of the management of the sales work rises in here. The management is demanded to hand not only the sales targets but also know how and tools for the personnel to develop own sales work. Well-designed sales process is therefore one of the most important areas in today's sales organization that has to be implemented throughout the organization from the employees till the management level (Laine 2008.) Change is the single stable issue in business world and sales management has to understand and react to the changes. It is vital that the management recognizes the corporate strategy so that sales operations can be supervised in a right way and implemented to the actual sales level. (Leppänen 2007.)

5.3 Marketing mix

The marketing mix model, also known as 4 P's model, is one of the traditionalist and also one of the most vital competitive weapons for the organization. Marketing mix can be utilized also when planning the company's sales strategy. Marketing is an essential part of the sales and is therefore playing a vital role in sales process (Leppänen 2007, 46). In sales process marketing is a tool to tempt the customer's interest and sales is a tool to fulfill the customers need. (Kannisto&Kannisto 2008, 104).

Marketing Mix has old roots back in history and the concept has faced many changes during years. The very first idea of marketing mix goes back in 1940s when Neil Borden launched the term "The concept of marketing mix". In 1960s more commonly known McCarthy's four P's were published and they are known still today and are used very widely all around the world among marketing. To-

day three P's have been added so all together Marketing Mix concept includes seven P's that are commonly used as a marketing tool. Nowadays seven P's Marketing Mix is most commonly known by a professor Philip Kotler. The seven p's marketing mix includes product, price, promotion, place, people, physical environment and process. (The Marketing Mix.)

The idea of marketing mix is very simple. To offer a right product in its place, at the right time and at the right price. A product or service is built to satisfy the needs of the certain target group. A organization responsibility is to ensure that there is a demand for a right kind of service. Price is playing a role in the company's profit and survival but is also drawing an idea for the customer about the company image. Price has an effect in competition situation as well. Place means that service is accessible to the potential buyers. Understanding and knowing the target group, helps the organization to discover the right positioning and distribution channels. In promotion planning the organization needs to consider right tools to advertise. Promotion gives the customers an idea of brands and company image. People mean both the target market and people directly related to the organization. Recruiting is playing a major role as well as knowing the customers. Processes are a part of organizations internal systems that affect the execution of the services. Physical evidence is the evidence from delivered and provided service as well as the business presence in the market. Next the model of marketing mix is presented. (Goi 2009.)



Figure 5. Marketing Mix model (The Marketing Mix).

In this model all 7 P' are taken into account and the model of 7 P's is the mostly used model in today's business world.

5.4 Sales as a process

A sales process is a systematic and repeatable series of steps that starts from the planning of the sales and ends to the completion of the sales. To have and understand the sales process is not only important for the organization but it is crucial to the sales management and company expansion. Knowing, sharing, using and modifying the sales process is the key to success. Depending of the organization the sales steps are different but it is essential to have them written down so that the whole organization committees into the same steps. (Kimla.)

The planning phase of the sales process is the sales strategy. Sales directors plan the sales strategy before the actual sales work or customer appointment takes place. The purpose of the strategy is to reach the set goals. Sales tactic is

something where sales strategy is been implemented. Sales tactic is the phase where sales person meets the customer and the target is to conduct the meeting right. Successfully planned sales strategy directs personnel towards quality sales tactic and together these create a successful sales process. Successful sales process increases customer satisfaction and satisfied customers brings the sales profit for the organization. (Leppänen 2007, 50.)

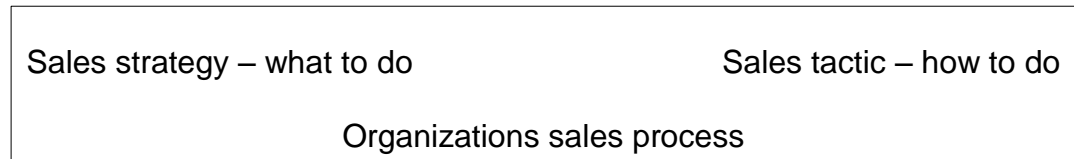


Figure 6. Sales process (Leppänen 2007, 49).

Leppänen considers the process of the sales as a combination of the sales strategy and the sales tactic. The strategy and tactic of the sales includes all the necessary items and issues in organizations sales process. Sales process has a meaning in many levels. It is vital for the sales persons especially when a new sales person is recruited. A new sales person might have all the sales skill, but without knowing the company sales process he cannot fulfill the particular company's targets and will miss vital steps for the organization. Also a written sales process combines the personnel and committees every employee to a known model that helps the personnel to act as a team. For the management level the sales process is vital to predict the sales. (Kimla.)

Sales person is a key element in a sales process. Still many studies have shown that appreciation of the sales persons do not equate to the challenge of the profession. A good sales person deserves appreciation from the organization and the organization should invest in keeping the qualified sales personnel. Competent and qualified personnel are vital in sales process but organizations tend to forget how vital resource the personnel are. Constancy of skilled personnel creates good quality that affects the customer satisfaction and customer loyalty that again affects the sales numbers. Organizations sales process

should include rewarding the personnel so that sales work continues and develops in a good way. (Leppänen 2007.)

5.5 Sales process in wealth management

Trust is a key element in wealth management sales. Money is a personal issue in people's lives that is not shared to random people. Bank as an organization is handling the money issues, but when it comes to sales, customers want to know from whom they are buying. Then it is not enough to know the organization but also the sales person. (Leinonen 2010.)

Wealth management sales process is often shared into four steps; the planning step, the meeting step, the actual sales and after sales.

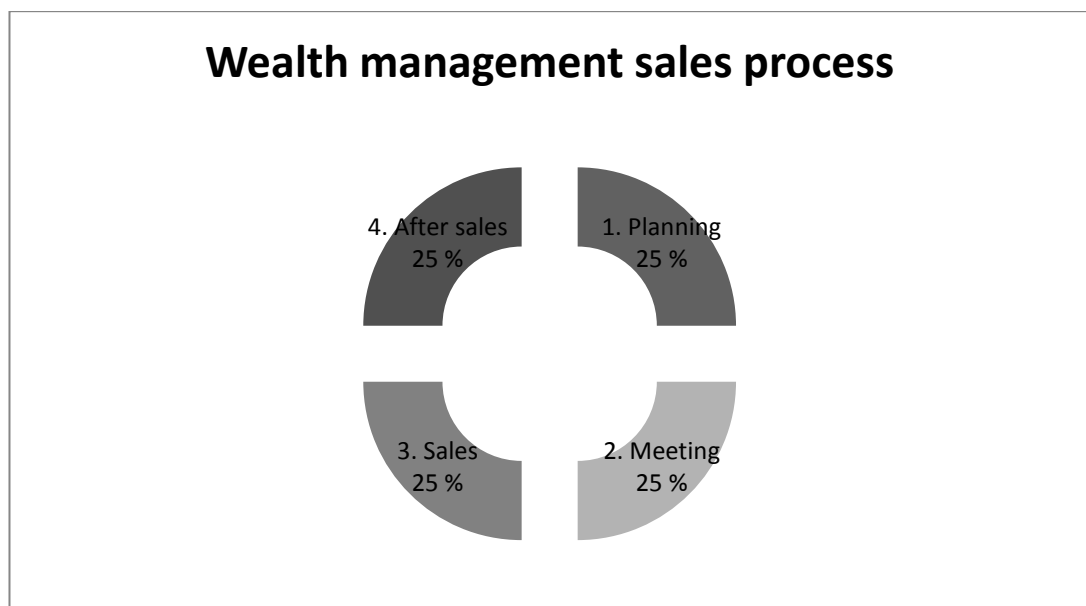


Figure 7. Wealth management sales process.

The planning step includes getting to know the customer as much as the sales person can based on the earlier meetings or customer database before the actual meeting takes place. In the meeting phase it is supposed to create a nice and trustworthy atmosphere between the seller and the buyer. In wealth management it is often a good habit to go through the customer's personal economy

in all and offer solutions also in smaller banking issues so that the trust is deserved from the customer. In the meeting phase the seller's responsibility is to find out what kind of investor the customer is. Investment risk, duration and experience are influencing on the investment decisions and what kind of services the seller can offer. Financial supervisory authority requires every organization that offers investment services to make an investment profile with the customer. The authority has composed instructions concerning the procedure of offering financial services. The instructions consist of guidelines for what the provider needs to know about the customer before offering financial services. On offering investment services the provider needs to be familiar, for example, with the customer's whole wealth, risk appetite, investment duration and experience of investments. In the sales phase the decision of the sales is made. In order to accomplish the meeting phase successfully the sales phase should be rather quickly. After sales is a phase where the seller is obliged to contact the customer and find out if the service provided has been a good solution. This is an important phase when considering the trust and the future sales opportunities. (Leinonen 2010; Finansssivaltonta 2013.)

The buying process of the customer is also divided into many steps. The decision making process includes different phases but it is in many situations very similar process. The customers buying process is typically the following:

Trust – Investment success – Understanding the customer – Know how of the provider – Quality – Pricing – Cooperation.

The above mentioned path is normally the process how customer sees the buying situation. In wealth management trust is essential and the first thing to create. Previous experiences of investments are making the bottom for how the customer sees investment services. The customer's situation needs to be clear for the provider so that right kind of solutions can be made. Quality and pricing of the services comes later on and then in the end the continual cooperation. There are things where the seller cannot affect in the customers buying path but many of the steps are depended of the seller's competence. First step, trust, is totally depended of the seller and the trust needs to be earned. The whole pro-

cess can go wrong in the very beginning if the seller does not create a trustworthy meeting. Investment success is a thing where the seller cannot affect but a good seller goes' through even the bad experiences of the customer's previous investments and can close the deal. Understanding of the customer and knowhow of the seller are again in the sellers hands but quality and pricing are something where the seller as a person cannot affect. Organization behind the seller is responsible of the quality and pricing of the services and the seller needs to be well trained to sell the services. Cooperation after the investments is essential and the seller has a major role in there. (Andersen 2013.)

Cooperation after the decision is one of the most essential steps in the process. Customer relationships in wealth management can be very long and successful if the sales have been completed in well. An important issue for the customer is cooperation where belongs control of the investments and learning together. For the customer it is important that learning is happening. Many customers want to have a simple model of wealth management but still it is important that a customer knows the services and ways to invest and follow the development. By control it is meant the possibility for the customer to be able to take care of the own wealth. In a normal situation the control includes good and simple reports delivered to the customer. If the cooperation is fluent and trustworthy it is likely that the customer relationship lasts for decades. After a well-executed sales process and cooperation the customer relationship is tight and there is no tempt to go to competitors. (Andersen 2013.)

5.6 Customer oriented business

The strategy of the sales organization should be based on the customers and the strategy should be planned from the customers. The real competitiveness for the organization comes from knowing the customers. Well prepared strategy, technology and image are not enough but there needs to be a customer oriented sales model. Therefore segmentation is vital for organizations success. For each segment there should be a functioning operating model created where the whole organization and each employee is committed. Different segments have different growth and profitability targets that are monitored periodically.

Customer segmentation should consider both internal and external factors. Internal factors are affecting the organization and its benefits, whereas external factors are customers' needs. Both factors are essential when creating a sales model. Strategy should be prepared in a customer oriented way, but still organization's internal factors need to be considered, because an organization cannot be profitable only with satisfied customers, customers has to be profitable as well. (Alamutka & Talvela 2004.)

6. Company presentation

OP-Pohjola Group is a leading finance warehouse in Finland. It is a Finnish company operating in banking industry and offering services all over Finland. Etelä-Karjalan Osuuspankki is a member bank of OP-Pohjola Group and is operating in the South Karelian region. (OP-Pohjola.)

6.1 OP-Pohjola

OP-Pohjola Group is 110 years old Finland's largest finance warehouse. It is truly a Finnish company offering finance services in banking, investments and insurances for consumers, corporates and institutions. The business segments are banking, life insurance and wealth management. Its company form is cooperating company and it is owned by the 1, 4 million customer members. It operates in banking and insurance business all around Finland and has 180 member banks and over 500 offices around Finland. It is made of the independent cooperative member banks and OP Cooperative which they own including its subsidiaries (Pohjola bank plc., OP-Services Ltd., Helsinki OP-bank plc., OP Life Assurance Company Ltd., OP Fund Management Company Ltd., OP Mortgage Bank and OP Card Company plc.). OP-Pohjola is not an international company but has co-operation with Seesam Company in the Baltic countries. Even the member banks are individual banks; they do not compete with each other. (OP-Pohjola.)

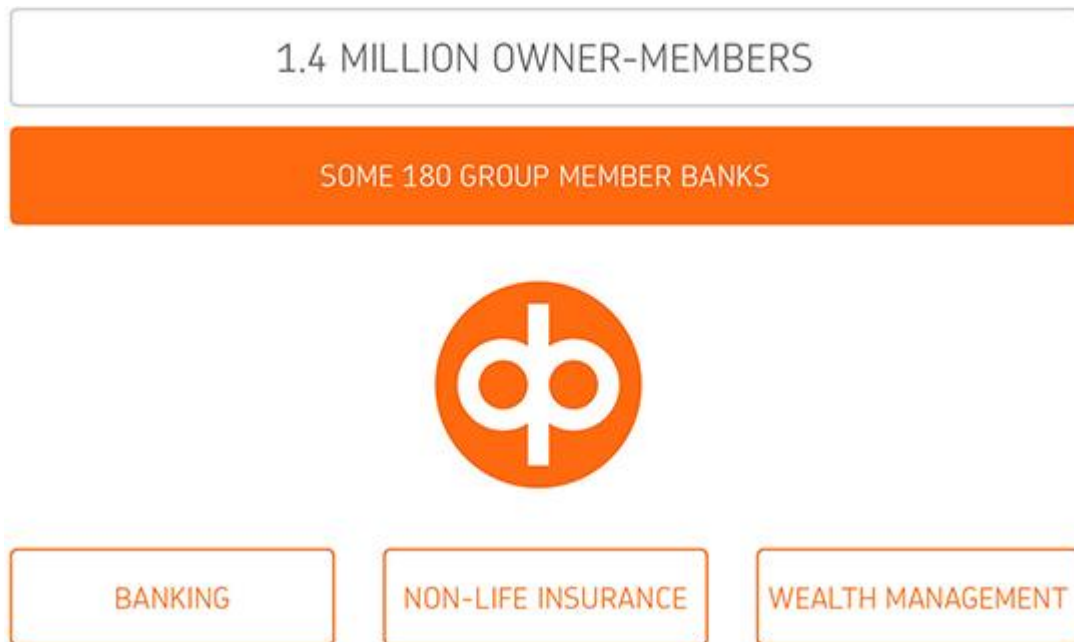


Figure 8. OP-Pohjola Group structure (OP-Pohjola).

OP-Pohjola's turnover is approximately 600 million euros, it has around 12 500 employees and 4,2 million customers. The strategy is to be the best finance company offering unique wholeness of banking services and insurances that ease people's lives and supports companies' business. The purpose is to advance the customers economic wellbeing, wealthy and safety. The mission of OP-Pohjola Group is to promote the sustainable prosperity, security and wellbeing of its owner-members, customers and operating regions through its local presence. The Group's vision is to be the leading and most successful financial services group in Finland. The aim is to be the leader finance company that grows quicker than markets. Group's core values are People-first approach, Responsibility and Prospering together. In the spring 2014 OP-Pohjola made one of the biggest business actions in Finnish business history; it re-bought all the shares back to itself and truly became a company owned by the customers. (OP-Pohjola.)

6.2 Etelä-Karjalan Osuuspankki

Etelä-Karjalan Osuuspankki (EKOP) is an independent cooperative member bank of OP-Pohjola Group. Etelä-Karjalan Osuuspankki is one of the biggest

member banks of the whole group. Etelä-Karjalan Osuuspankki operates in South Karelian region providing services in four different offices. Headquarters is located in Lappeenranta city center and other offices in Joutseno, Imatra and Ruokolahti. EKOP has over 82 000 customers of which over 42 000 customers are customer members. Etelä-Karjalan Osuuspankki has solidity almost 50% when required according to the law is 12% and is therefore considered as a very welfare bank. There are many ways of calculating the solidity of the bank and in here Tier 1 ratio is used and Tier 1 ratio stands for the ratio of Tier 1 capital to the total risk-weighted assets. EKOP is an independent company and has its own balance sheet, but like every member bank of OP-Pohjola Group the key strategy, core values and big lines of the actions are coming from the OP-Pohjola Group and EKOP is obeyed to act business like the Group requires. (Etelä-Karjalan Osuuspankki; OP-Pohjola.)

7. Empirical part

Empirical part of the research was executed in the case organization Etelä-Karjalan Osuuspankki. The aim of the empirical part was to gather information so that suggestions of improvements and a draft of a sales model could be suggested for micro companies' wealth management services. Information was gathered from interviews but also the researcher's own observation was used.

7.2 Interviews

Interviews were used as a main source as a way to collect data for the empirical part of the study. All the interviews were executed as a semi-structured interview. Semi-structured interview method can be defined as a conversation where the interviewer knows what to find out about. There is a set of topics and questions to follow but the conversation is free to vary and change between participants. The use of a semi-structured interview in this study is justified because the aim is to find out employees feelings towards certain things and what kind of means employees wants to use inside the case-organization. (Fylan 2005.)

Interviews were completed in Finnish in October 2014 inside the case organization. The major part of the interviews was completed using e-mail and a few of the interviews were completed as face-to-face interviews. The aim of the interviews was to collect information and opinions of the employees, collect the results and create new ideas for the micro company wealth management sales for the case organization. Interview questions were divided into three logical categories. The interview questions, the interview habit and a logical order of the questions were ensured with the case-organization representative. Also the right population for the interview sample was gathered together with the organization representative. Right questions, logical order and right population are essential issues for the success of the interviews and by thoroughly going through these matters with the case-organization the reliability and the validity of the interviews were ensured (Fylan 2005, 67-68). By using different interview methods the researcher tried to increase the reliability of the results in order to be able to compare the results of different interview methods. It was noticed that all interviews gave similar results and there were no major differences between e-mail and face-to-face answers so it can be stated that the interview method did not affect to the results.

7.3 Observation as a research method

Since the researcher works in the case organization own experiences and observation was used as one method to collect material for the empirical part of the thesis. Based on the observation the researcher was able to set assumptions in the beginning of the study and in the end of the study authenticate whether the assumptions were true or false. The researcher works in the private customer section as an investment adviser and is therefore able to exploit on work when creating new ideas.

Observation is a research method that is commonly used in a qualitative research method. It is a scientific research method that differentiates from normal, everyday observation with its systematic, carefully planned and logical charac-

teristics. The same issues are essential parts of the research when reliability of the research is estimated. (Vilkka 2006.)

9. Discussion and conclusions

Market situation that appeals today is challenging to all business areas. Economy and estimations of the economic growth is turbulent all the time. Unemployment is rising. Governments are struggling on means to help economics. Competitiveness, differentiation and sales operations are key words in today's business.

Finance industry is suffering from the low interest rates and tightening competitive situation. Banks and credit institutions have to be conscious of the competitive environment all the time and follow current economic situation carefully and make hard strategy changes rapidly if necessary. For a finance organization the changing economy influences is an essential part of the business. Economics is a field where a single company cannot influence but even a small change in economics influences in a single company. Interest rates and macro economy changes affects immediately to a finance industry and wealth management services.

Wealth management as a business field is growing fast and traditional banks are required to consider changes in order to be competitive. Small specialized wealth management houses and shadow banking are driving strongly to the industry and are competing with services and prices with all traditional banks. Employees of a bank or wealth managements houses has to be qualified enough to reply on customers request when investments are growing or lowering. The income of traditional bank comes more and more from rewards of sales.

Selling operations are important for every company today. A modern company cannot see many continual unprofitable years. Companies have to be profitable

and profit comes through sales. Efficient and functioning sales models are essential. The whole personnel have to be committed to the joint sales models. Training sales personnel is therefore very important operation for a successful organization.

Micro companies are being born all the time nevertheless the state of the economics. Through micro companies also new jobs are born. Micro companies are considered as a modest group of companies but are actually very important for the economic development.

OP-Pohjola Group is one of the leading finance warehouses in Finland. The service range as well as the customer range is very wide. OP-Pohjola group is trustworthy and competitive organization in Finland. OP-Pohjola is developing new services and operations all the time and customers' needs are answered. Current operations like mobile services are well developed. Wealth management services are competitive and the focus is all the time even more for the development of wealth management services. Etelä-Karjalan Osuuspankki is one of the biggest member banks in OP-Pohjola and has been making profitable years. The challenging economical situation influences on the operations in Etelä-Karjalan Osuuspankki also and the bank has to create new operations and sales models in order to compete with the South Karelian regions other banks.

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